



Shared Services News

A Publication of the Shared Services & Outsourcing Network

The monthly newsletter that helps you to cut costs and achieve service excellence

2007 Shared Services Excellence Award Winners, U.S.A.

Shared Services Leader of the Year
Sprint Nextel

Best New Shared Services
Verizon Services Operations
Runner Up: NASA

Best Use of Technology in an SSO
Monster Worldwide
Runner Up: ITT Corporation

Best Mature Shared Services
McDonald's Corporation – Corporate Shared Services
Runner Up: Wipro Technologies

Shared Services Vendor of the Year
SunGard AvantGard
Runner Up: Hewlett Packard

Excellence

best practice

leadership

voice of the customer

sponsorship

enthusiasm

Global Events Near You This Month



MAY 2007

7th Annual Shared Services Week –

Europe

May 21-24

Hilton Prague

Prague, Czech Republic

Brand New For 2007: 3 Day Conference!

Because we can't pack any more into the usual two days, we've answered your needs and added even more speakers and a whole third day! For further information, please visit: www.sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=11077.

HR Shared Services Summit

May 21-24

The Westin Buckhead

Atlanta, GA

HR Shared Services Summit delivers information specifically tailored to those HR executives looking to either start up or maintain a best practice SSO, and find out how the delivery of their transactions and

technical expertise can transform HR SSO into a strategic business partner. For more information please see www.sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=12414.

China HR Summit 2007

HR as a strategic business partner: optimizing service delivery & achieving cost reduction

May 29-30

Venue to be confirmed

Shanghai, China

For more information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=12606>.

Training Course – Shared Service Centers

May 21-24

Furama Riverfront

Havelock Road

Singapore

Plan, construct & execute a sound shared service center – a complete A-Z of shared

services. For more information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=1287>.

JUNE 2007

Shared Services Exchange

June 10-12

Chateau Élan Winery and Resort
Braselton, GA

Exclusive, invitation-only symposium created for SSON's executive level members. To request an invitation, please call 416-597-4702 or e-mail leslie.allen@iqpc.com.

Shared Services for the Public Sector 2007

June 26-27

Thistle Marble Arch Hotel

London, U.K.

Top, leading-edge shared services practitioners from both local and central government will be sharing their stories at the 4th Annual Shared Services for the Public Sector 2007. This is a must-attend



Shared Services News

A Publication of the Shared Services and Outsourcing Network

Become a Member in the Only Global Network of Shared Services Executives

Join top companies including Nestlé, Coca Cola, Hewlett Packard and GE in a unique global network of executives in charge of:

- cutting overhead
- improving processes
- enhancing service delivery
- driving substantial savings

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For further information, please call Barbara Hodge at (1) 904 824 3631 or e-mail barbara.hodge@iqpc.com.

Don't miss the next
Blue-Sky session at
Shared Services Week Europe
in Prague: May 21-24th '07

date in the diary for any public sector professional sharing services as a way to cut costs and meet the government's efficiency targets. For information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=12561>.

JULY 2007

The 7th Annual Shared Services for Finance & Accounting

July 23-26

Driskill Hotel, Austin, Texas

Increasing Efficiencies, Maximizing Cost Savings & Achieving Financial Services Excellence. Shared Services for Finance & Accounting will provide finance and accounting executives with simple and practical solutions that will enable them to achieve high levels of efficiency, long-term profitability and service excellence by improving existing shared services or creating a new shared services organization. For more information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=12899>.

AUGUST 2007

Shared Services Asia Summit 2007

August 21-22

Raffles The Plaza

Singapore

Be part of the leading community in Asia that regularly attends this industry event every year. Join us again in 2007 as we celebrate our 10th year delivering shared services excellence strategies! Please see www.sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=11213 for details.

Shared Services in the Public Sector

August 22-24

Venue to be confirmed

Johannesburg

South Africa

A major question that should be preoccupying Government and the Private Sector alike at any given time is whether state departments and companies are able to deliver on their core mandate. Are there any factors hindering efficiency in the delivery of service? For more information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=240&event=12749>.

OCTOBER 2007

Shared Services Exchange 2007

October 15-16

Novotel West

London, UK

Shared Services Exchange 2007: Exclusive Executive Excellence
The Shared Services Exchange is an exclusive event for 150 of only the most senior Shared Service leaders. This is the opportunity to discuss critical issues that will drive forward Shared Service operations in the future face-to-face with the highest level industry experts. The expertise, knowledge and opportunity at this event will be of the highest level and truly unrivaled in the industry. For more information please see <http://sharedservicesnetwork.com/cgi-bin/templates/singlecell.html?topic=221&event=12949>.

Ask the Experts

Don't forget: You have a tremendous resource at your fingertips in the SSON's *Ask the Experts* facility. E-mail us with any question you have – we'll forward it to our expert panel and publish their responses.

"I recently posted a question on the SSON site and was shocked at the response. In less than one week, I received over 10 responses from 10 different companies willing to share their experience and provide valuable information.

I have gained a wealth of knowledge via these responses from the SSON's membership."

Jose Garcia
U.S. Shared Service Center
CSC Answers Help Desk
U.S.A.

"Thanks for the ongoing responses from other Network members. This really is a great resource . . . I'm glad I used it!"

Ken Hickey
Director, Financial Operations
Hertz Europe Service Center Ltd
Ireland



From the Editor *In Pursuit of Excellence*

What does it take to achieve “excellence” in shared services? With the U.S. annual Shared Services Excellence Awards winners announced last month, we could think of no better place to start than with these operations. In this month’s issue, we offer you a “behind the scenes” peek at what leading SSOs are doing to gain a competitive edge.

Barbara Hodge, Editor
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the Editorial Board?**

We are seeking
practitioners across
various functions and specializations
to help steer content.

If you'd like to get involved, please
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Bill Parker from Sprint Nextel won the Award for Shared Services Leader of the Year, 2007. We are delighted to bring you a summary of the winning application submitted on Bill's behalf.



Shared Services Leader of the Year, 2007



Bill Parker
Vice President, Shared Services
Sprint Nextel

A Leader's Strategic Role in Driving Shared Services Throughout the Business

Bill Parker is a senior leader within the Enterprise Financial Services department at Sprint Nextel. He introduced the concept of shared services into the disbursements cycle and led the initiation of the shared services organization at Nextel – and now within Sprint Nextel.

Supplied with facts, data and best practice research, Bill advocates for a broader role for shared services by identifying opportunities for reducing costs and improving performance quality.

Bill drives the concept in his company and industry with his tenacity and passion for process improvement, customer service, quality and controls, and caring about his people. He is a master at balancing the business need and the employee experience. Most companies embrace shared services for their cost savings benefit, which can be substantial as shared services can eliminate

the costly duplication of transaction-processing efforts across a company. Bill believes strongly that shared services is not just a cost reduction strategy but should bring value to the company, as well. Bill not only manages the operations of shared services but promotes these benefits, and makes an effort to educate company leaders on the additional value-added capabilities that improve management's visibility and control, enhance process quality and increase overall business performance.

A Leader's Vision

Bill has a dynamic and aggressive vision for shared services. He is passionate about this vision with senior leadership and is shared services' number one cheerleader.

He clearly lays out a vision that essentially has no boundaries for what could be brought into shared services. He has always seen shared services as an opportunity to create a competitive advantage within the industry and has a vision for the establishment of a multi-functional operation across Sprint

Nextel. This vision includes other groups offering centralized services.

Bill's passion for growing the Sprint Nextel shared services organization never wavers and he realizes one of the keys to success is to have other folks that carry a similar vision. Bill has moved key high-potential staff into various positions to round their experience and promote the benefits of a flexible workforce within his shared services organization. This has allowed continued process improvements and tightening of efficiencies.

Innovative Programs

Where many companies viewed Sarbanes-Oxley (SOX) compliance as a necessary burden, Bill saw it as an opportunity. He understood the value of SOX lay in section 404, which calls for internal controls to be documented and regularly tested. As a result, Bill introduced a control program to achieve not only SOX compliance (by demonstrating "reasonable" assurance), but also the greater goal of high levels of transactional accuracy.

In 2003, Bill created a unique group that fit well into the shared services model in that it leveraged a few core competencies across all functional areas. The Internal Controls and Disbursement Assurance (IC&DA) group would be akin to having a dedicated internal audit function within the organization, with the ability to conduct continuous control monitoring. But what made this group even more unique and valuable was the introduction of a myriad of forensic accounting activities designed to identify errors and omissions. What's more, the identification would focus on live transactions so that detection and correction would prevent potential errors rather than just recovering or acting upon them in arrears. The IC&DA group's objectives were to ensure more than adequate internal controls existed in the business and that these were documented. Where they failed to exist, controls would be designed and implemented.

Accuracy measured by corrected disbursements to transactions and dollar amounts remitted was to be at minimum 99.9%. Although this seven person team would have responsibilities akin to those of an internal audit group, there would be some very unique differentiators. Many operational audits would be run continuously or monthly. The auditors would not merely test operational controls, they would participate in and/or design forensic accounting-based activities that would ensure the 99.9% accuracy. In order to meet the payment accuracy goal, the group drove potential error resolution with the operational business owners immediately. Thus, auditors would have access to live data and would be able to self-sufficiently query the ERM, as well as be able to access database folders in order to conduct live assurance audits. Auditors also could suggest or consult on the design of

new controls or processes to address changes, a failed control or unmitigated risk. Since the internal audit department was still performing testing periodically, having the control designer test his own control effectiveness was not deemed a conflict of interest. However, because this group is independent of vendor service, commission administration and reporting and payroll functions, any and all findings are brought to the attention of operational directors and, if unaddressed and risk is perceived to threaten shared services operational goals (not just provide reasonable assurance), Bill would be notified.

This was the advantage of not merely having a quality assurance function reside in each group, whereby it might be conceivable that known weaknesses or errors would be "protected." In addition, in cases where tolerances for errors prior to payment had to be made, an independent voice could escalate to upper management if necessary.

After a 2004 benchmarking visit to Walt Disney, Bill borrowed the idea of a Playbook of Controls that would provide more directly communicated accountability. The Nextel version, though, would be different in that it would be line item based, with clear accountability based on a specific single activity that supports an overall control objective. Accountability would be specified cross-functionally, including inside and outside support groups, to ensure business objectives were met. The groups and individuals responsible for executing the controls were identified by group and by name. All controls were identified as being detective or preventative to ensure both front end and back end controls existed to secure the process at hand. Furthermore, this version included the role of the IC&DA group with a host of detective controls.

Program Impact

The impact of the program over the past three years has been meticulously measured and documented and the results are impressive. External and internal audits have certified all operations as being highly effective. Transactional accuracy has improved beyond the 99.9% goal.

Contribution to Shared Services Development

Bill has actively participated in and contributed to shared services forums, spoken at conferences and is the #1 advocate of shared services within Sprint Nextel. He has initiated thought leadership during executive forums on shared services and pushes to establish benchmarking with other shared services organizations when it doesn't exist. In addition, he is famous within Sprint Nextel for his "elevator speech" on the topic of shared services – and has been asked to tone down the shared services lingo in presentations so as to not intimidate his peers with his knowledge! He expects his management team to be ready with their spiel at all times and makes it a priority to educate his staff on the shared services model to help advance their careers within the organization. This has enabled his leadership team to think differently about the value their teams provide as well as how to do things differently to benefit the well-being of the company.

The Shared Services & Outsourcing Network extends its congratulations to Bill Parker for the recognition he has achieved within the shared services community through winning this award.

“Keen to expand scope and continuously improve. Innovative through his Internal Controls & Disbursement Assurance Group. Widely contributed to the shared services community through speaking at conferences and through attending forums.”

Phil Searle

Chazey Limited

Awards Judge



An Interview With Bill Parker



What drives exceptional leadership? *Shared Services News* asks this year's shared services "Leader" what it takes.

Shared Services News: What does it mean to you to be recognized as an outstanding leader by the shared services community at large?

Bill Parker: I was thrilled. I built my first shared services operation in 1992 and quickly became an advocate for the organization model. In the last several years, I have worked with many of the shared services executives from other leading organizations, many of whom attend Shared Services Week. To be considered as a leader among this group is a real honor.

Shared Services News: What are your key responsibilities moving forward? How do you take "the team" with you?

Bill Parker: My number one goal moving forward is shared services expansion with Sprint Nextel. The shared services model provides efficiencies and value to the company and often can serve as the

champion of change within organizations. I believe shared services can be a strategic advantage for the company and create a competitive advantage within our industry. To be successful you need a team that is lock step with you in terms of vision. This often requires folks to put on a different hat, especially when they have developed an expertise around a particular function. Multi-dimensional shared services will drive the greatest value which requires everyone on the team to have broader skills.

Shared Services News: Who has been your key facilitator inhouse? To whose efforts would you attribute at least some of your success?

Bill Parker: I have been the primary champion for shared services here at Sprint. I was brought to Nextel and now Sprint Nextel to build a shared services operational model. In terms of the success we have realized, that rests solely on the shoulders of

the 350 employees that work in shared services. Ideas and vision are easy to create, execution is the key and without a very dedicated group of leaders and employees, we would not be where we are today and it would not have been possible to win the leader of the year award.

Shared Services News: In your ideal world, where would your shared services be in three years' time?

Bill Parker: I envision our shared services operation to be a separate legal entity supporting all operational and administrative functions within the company. I see two major roles within the company: one determining strategy and supporting the core business; and another executing on the decisions made by the first group. This second group is where I would like to see shared services play a major role in the future success here at Sprint.

Verizon Services Operations is a multi-billion dollar business unit responsible for the centralized management of finance operations, real estate and supply chain services for all Verizon Companies.

Verizon Services Operations celebrated its first year anniversary in October, 2006. The accomplishments achieved by this new organization during its first year of operations are impressive and unique. Verizon Services Operations successfully consolidated corporate services into a centralized shared service organization, which included the transition of approximately 12,000 associates from previous assignments. Simultaneously, Verizon Services Operations implemented cost reduction strategies that substantially exceeded financial targets and contributed directly to Verizon's bottom-line performance. Below is a summary of Verizon's winning application.



Best New Shared Services, 2007



Dan Mead
President
Verizon Services Operations

Design and Start up Strategy, Procedures and Implementation

Verizon Services Operations is a multi-billion dollar business unit responsible for the centralized management of finance operations, real estate and supply chain services for all Verizon companies. In addition to its core services, the unit is supported by a dedicated information technology team that is responsible for the rationalization of the underlying technology infrastructure.

Verizon Services Operations was formed in October 2005, as Verizon was completing its acquisition of MCI and was reorganizing its business portfolio into three network-centric units – Verizon Business, Verizon Telecom and Verizon Wireless. The centralization of critical support services into Verizon Services Operations was a key component of Verizon's restructuring plan. Verizon Services

Operations quickly adopted a *One Company* operating philosophy that rapidly reduced operating costs through the following:

- implementation of quick win cost reduction strategies
- elimination of duplicative processes
- adoption of best practices
- optimization of vendor relationships, and
- standardization of its core technology platforms.

In its first year of operation, Verizon Services Operations delivered significant results that substantially exceeded financial targets and contributed directly to Verizon's bottom-line performance. In addition, the organization simultaneously implemented the initial phases of an aggressive transition plan that fundamentally changed the operating structure of the corporation. First-year accomplishments include:

- simultaneously consolidating five

corporate support services into a centralized shared service organization

- transitioning nearly 12,000 associates from previous assignments to staff the new unit
- successfully negotiating with each Verizon company to define Verizon Services Operations' roles, responsibilities and service levels
- exceeding first-year financial targets by more than 500%, delivering multi-million dollar expense and capital cost savings

As a shared services unit, Verizon Services Operations is well positioned to transform Verizon's cost structure and improve service levels by leveraging economies of scale, eliminating duplication and using benchmarking for insight into best-in-class processes and systems (see sidebar on next page and Figure 1 for operating philosophy, scope and model).

Overview of Verizon Services Operations' Functions & Accomplishments

Verizon Services Operations Finance – Overview

Verizon Services Operations Finance provides services in the areas of finance operations (accounts payable, payroll, bill print and distribution and remittance), receivables management (collections, credit, bankruptcy claims, and fraud), financial planning and analysis, project implementation and compliance. Annually, finance manages:

- multi-billion dollar payroll operation
- billions in receivables management
- multi-billion dollar account payable operation
- multi-billion dollar remittance operation

The scope and scale of this organization enables the unit to leverage incremental process improvements into significant financial benefits for Verizon. First year accomplishment highlights include:

- reduction in Verizon's bad debt expense
- start deployment of a new ePayable platform. Full deployment, expected in early 2007, will drive millions of dollars in cost savings
- fraud system consolidation – expanded best-in-class system used in one of Verizon's lines of business to another line of business
- insourcing, e-remittance, revenue assurance processing resulted in 40% expense reduction

Verizon Services Operations Real Estate – Overview

Verizon Services Operations Real Estate manages Verizon's global real estate portfolio including building operations and maintenance services. The unit's focus is on reducing costs through the disposition of inefficient and redundant properties, consolidation of under-utilized office space, negotiation of contracts to leverage economies of scale, and reduction of energy usage. Its scope includes:

- portfolio management of global real estate holdings
- building operations for more than 2,900 properties

First year accomplishment highlights include:

- consolidation of real estate operations across Verizon's three lines of business
- elimination of millions of square feet of space
- monetization of real estate assets generating million's of dollars in proceeds
- completion of nearly 60 construction projects in support of the delivery of new products and services
- opening and full transitioning to new Verizon Operations Center
- expansion of scope of responsibility to other Verizon units based on first year performance and customer satisfaction

Verizon Services Operations Supply Chain Management – Overview

The mission of the Supply Chain Management team is to lower cost, increase efficiency and improve service quality and speed to market. The unit manages the acquisition and distribution of materials, products and services for Verizon, maintains our fleet of vehicles, and provides technical services for equipment required by growth products such as FiOS. The group's scope includes: fleet operations, logistic services (warehouse management and transportation), planning administration and analysis, sourcing and procurement, and supply chain systems. Its supplier diversity program, providing opportunities for minority, women, veterans and persons with disability-owned business enterprises, is nationally recognized. Examples of its scale include:

- billions in procurement spend annually
- 20 warehouses and national transportation network
- operation of one of the largest private vehicle fleets of any company in the U.S.

First year accomplishment highlights include:

- supplier rationalization – delivered multi-millions of dollars in synergy expense and capital saving through consolidation of multiple purchase agreements and adoption of most favored pricing and contract terms
- purchase platform consolidation – eliminating 13 legacy systems
- implementation of new logistics program – eliminating 3,000 excess orders and redirecting surplus inventory for use in other locations resulting in millions of dollars in savings and avoided costs
- reduction of Verizon's fleet by nearly 2% with additional reductions identified

continued on next page

Verizon Services Operations Information Technology – Overview

Information technology operates as a support function for the unit's core operations and systems needs. The team provides IT services and solutions for finance, real estate and supply chain services systems. The IT team has created an optimization process that will rationalize existing systems and provide a long-term systems roadmap to standardize and modernize platforms to increase productivity and drive down costs. First year accomplishment highlights include:

- delivery of 30 key programs
- implementation of over 600 major system enhancements
- deployment of common electronic fraud and remittance platforms leading to the retirement of multiple legacy systems
- creation of an optimization process to increase productivity and eliminate costs

Verizon Services Operations Program Management Office (PMO) – Overview

The PMO team provides project management support for the organization's key strategic initiatives, including the development and management of the organization's annual business plan and five-year strategic roadmap. The PMO team also provides benchmarking support to each of Verizon Services Operations' functional teams to ensure best-in-class service delivery. In addition, the PMO team performed a unique, but critical role in leading Verizon's IT, marketing and network executive corporate councils. These strategic councils provided a working forum for the most senior leaders of the corporation to ensure collaboration and alignment on key strategic objectives.

Contribution to Overall Organizational Success

Within its first year of operations, Verizon Services Operations delivered strong bottom-line results to Verizon, significantly exceeded its first-year financial commitments and gained credibility as a valued business partner by even its most skeptical internal customers. Initial success was attributable to a number of factors including:

- executive sponsorship and governance
- commitment on shared strategic imperatives
- continued focus on performance

Executive sponsorship and an effective governance structure proved to be a key factor in Verizon Services Operations' initial success and accomplishments. As a semi-autonomous business unit, Verizon Services Operations had the necessary authority, influence and visibility required to quickly gain customer alignment and support. Verizon Services Operations' President, Dan Mead, reported directly to Verizon Chairman and CEO, Ivan Seidenberg. This structure minimized political resistance to change and

ensured buy-in on business strategy and objectives by the most senior executives across the corporation. The degree of senior management support was frequently demonstrated by Verizon's leadership, including a specific mention of the unit's contributions by the chairman during a 3rd

quarter broadcast to all Verizon employees. This recognition reinforced Verizon Services Operations' role in the company and promoted its long-term growth.

Executive sponsorship of Verizon Services Operations continued through recent senior

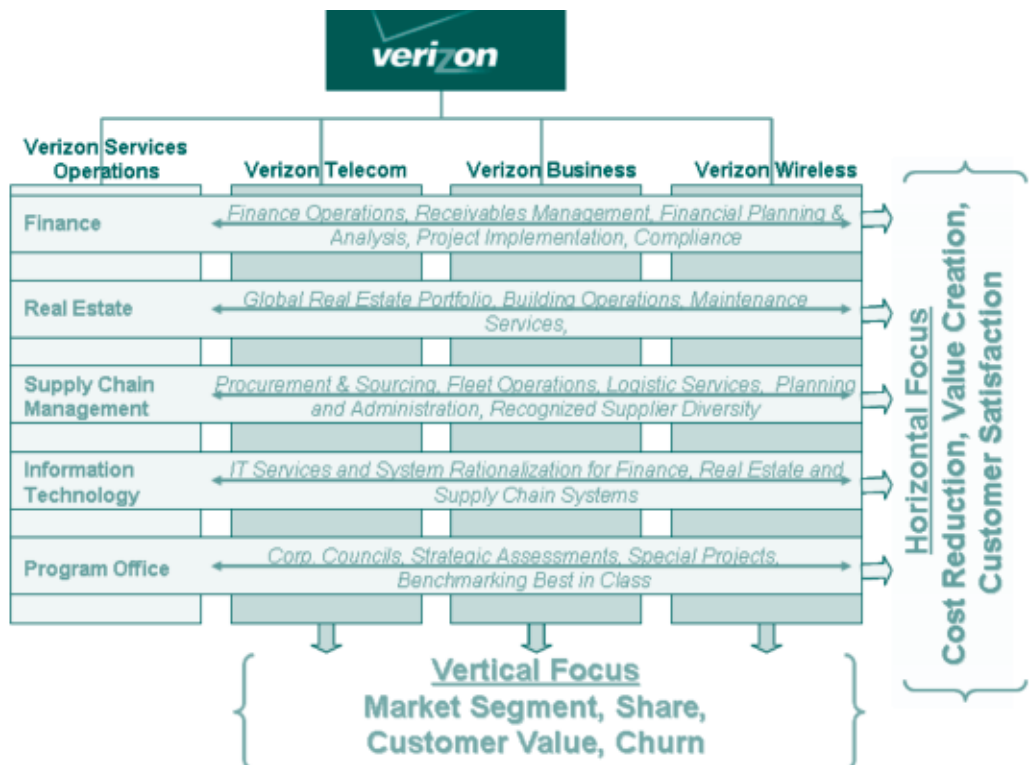


Figure 1: One Verizon-Wide Horizontal Service Delivery Model

“Following many best practices. Formed in the “classic” best practice way as a separate business unit offering services to three operating units, just as Verizon was completing its acquisition of MCI and reorganizing its business. Fantastic achievement against targets in first year. Excellent use of technology. Comprehensive change management and fantastic project management and leadership, underpinned by active senior executive support.”

Phil Searle
Chazey Limited
Awards Judge

leadership changes, in which all of Verizon's lines of business, including Verizon Services Operations, now report directly to a newly established position of president and chief operating officer. This new structure creates an operating environment that is focused on operational efficiency and effectiveness as a strategic necessity. This focus directly supports Verizon Services Operations' transformation strategies and will help to accelerate the unit's long range plans and initiatives to transform Verizon's cost structure.

Shared strategic imperatives, which were adopted early in Verizon Services Operations' evolution, also proved to be effective in helping to align the newly formed organization around a common set of objectives and operating principles that transcended each functional team's area of responsibility.

Performance targets and objectives were defined for each functional team at Verizon Services Operations' inception. The true potential of the unit, however, was unknown given the lack of prior history and experience. Verizon Services Operations' actual performance was continuously evaluated through regular operational review sessions. As targets were achieved, the

leadership team quickly redefined and communicated revised stretch targets that challenged the organization to outperform initial commitments. A relentless focus on results and re-calibration of targets created a sense of urgency and accountability throughout all levels of the organization which enabled Verizon Services Operations to realize its full potential and to exceed its first-year financial commitments by more than 500%.

Change Management and Communications Strategies

The formation of Verizon Services Operations introduced a new operating model and a new way of doing business within Verizon. This transformation involved a significant degree of organizational, process and system change that would need to be managed effectively to ensure a seamless transition and the realization of business results.

A comprehensive change-management strategy, consisting of the following elements, was implemented to ensure the achievement of both organizational and business objectives:

- strategic alignment
- communication program
- project management techniques
- benchmarking.

Verizon Services Operations secured senior executive support and alignment around its business objectives and transformation strategies early in its formation, through key presentations to the chairman and the Verizon board of directors. These sessions helped to solidify support for the organization through a common understanding of Verizon Services Operations' role, scope and performance targets.

Verizon Services Operations' expanded communication strategy further conveyed the unit's scope, key objectives, and accomplishments to stakeholders. Aspects of the communication strategy included:

- formation of a communication group responsible for the unit's brand strategy and day-to-day messaging
- creation of a Verizon Services Operations website, which was used extensively as a key communication tool to all stakeholders
- implementation of a face-to-face leadership communication program consisting of two leadership conferences, 17 town hall meetings, 40 site visits, 18 conference presentations and approximately 20 operational reviews
- creation of a standard transition communication package to welcome new employees as they joined the unit
- periodic broad distribution of informational e-mails across the lines of business.

Project management techniques were implemented throughout the unit to ensure the achievement of critical transformation projects within defined scope, schedule and budget objectives. Examples include:

- formation of a transformation project team that oversaw the migration of three legacy IT, network and compensation platforms to a common set of

management tools for all Verizon Services Operations employees

- development of a standardized assessment process, which ensured the consistent analysis of all cost-saving opportunities, resulting in a more predictable outcome of results aligned with the organization's strategic objectives (see Figure 2).
- scorecard/weekly leadership review meetings
- quarterly operational review meetings of critical initiatives
- a secure collaboration tool used to facilitate project communications, issue resolution, document control and performance tracking on key initiatives
- bi-monthly progress reports, including key messages, from Verizon Services Operations' president regarding the status of key strategies and results.

Benchmarking information, including best-in-class performance measures and best-practices data, was used in the development of plans and initiatives. This independent information enabled fact-based decisions and proved to be instrumental in overcoming initial resistance to change by providing an objective basis for comparison.

Strategic Plan for Future Development

In its first two quarters, Verizon Services Operations negotiated budget, staffing and service-level agreements with its internal customers creating an initial plan of record for the first year of operations. Simultaneously, Verizon Services Operations implemented quick-win cost reduction strategies that challenged and re-evaluated legacy and status-quo processes. Initial priorities were focused on standardizing internal best practices, migrating from a fixed-cost to a variable-cost structure and learning from outside benchmarking.

The strategies that Verizon Services Operations applied included the analysis of insourcing vs. outsourcing and lease vs. buy (for vehicles and real estate holdings) options. The resulting business cases had immediate financial and operational impacts as decisions were made to, among other things:

- insource certain functions that some units outsourced (i.e., insourcing bill print) to drive savings
- rationalize prime real estate holdings to monetize assets, lower vacancy rates and reduce building operations costs.

In the fourth quarter of its first year of operation, Verizon Services Operations developed a comprehensive five-year strategic plan that was reviewed and approved by Verizon's senior leadership. The plan identified critical strategic imperatives and performance targets, including:

- reduction of operating costs as a competitive advantage
- transformation of the Verizon cost structure

- improving the customer experience
- support of growth, and
- a high performance work culture.

Through the realization of the strategic imperatives and the execution of the strategies identified in the unit's five-year strategic plan, Verizon Services Operations will build upon the initial success achieved during its first year of operation in reducing operating expenses and capital costs, while increasing service-quality levels. The strategies identified in the five-year plan outline aggressive action plans that will continue to transform Verizon's cost structure to world-class levels, increase shareholder value and enhance Verizon's competitive capabilities.

The Shared Services & Outsourcing Network extends its congratulations to Verizon's shared services team for the recognition it has achieved within the shared services community in winning this award.

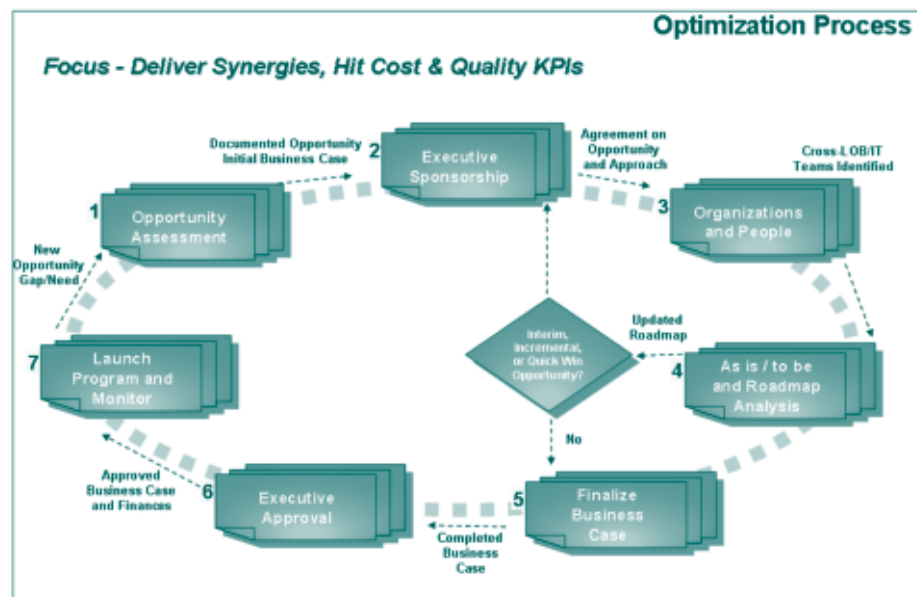


Figure 2: Verizon Services Operation Optimization Process

“Excellent example of a combined insource-outsource partnership solution.”

Phil Searle

Chazey Limited

Awards Judge



NASA's Shared Services Center presents a unique partnership between federal government, industry and state government.

Runner Up: Best New Shared Services 2007



NASA Shared Services Center

NASA's winning shared services team, left to right: Scott Taylor, Steve Collins, Paulette Guerra, Joyce Short, Ginger Smith, Cindy Epperson, Rick Arbuthnot, Ken Griffey, Charles Kilgore, Fran Cook, Peggy Mosteller and Pat Walsh

Design and Start Up Strategy to Implementation

NASA created the NSSC to reduce support costs, standardize processes, and redirect resources to support the President's *Vision for Space Exploration*. NSSC is a unique partnership between federal government, industry and state government providing finance, human resources, IT, and procurement services to NASA. NASA projects an NSSC return on investment of U.S.\$100m over 10 years, with a 2.8-year payback period, and is on track to meet or exceed these savings. NASA's effort to save cost by creating NSSC was lauded in the October 13, 2006, president's management council report to the president of the United States.

Over a two-year period (2001-2003), a team of NASA employees and industry leaders was appointed to conduct a feasibility study and develop a shared services implementation plan, which has served as a strategic roadmap and blueprint for the NSSC.

NASA conducted a public-private competition to determine its service provider partner and the location for the NSSC. Computer Sciences Corporation (CSC) was selected as best value. CSC chose Stennis Space Center as the site and partnered with the states of Mississippi and Louisiana on the winning proposal. Mississippi is constructing a U.S.\$30m NSSC facility and Louisiana is contributing U.S.\$1m for

training. After Hurricane Katrina, NASA reconsidered options for location and delayed go-live. Despite recruiting and housing challenges, NASA reaffirmed its commitment to the Gulf Coast and opened March 1, 2006 – six months after the United States' worst natural disaster.

The NSSC's design utilizes its private sector partner, CSC, for service delivery. Government employees perform oversight and approval functions. This organizational structure facilitates the delivery of 55 services that will transition to the new shared services center over a three-year period. At end-state, NSSC will consist of 325 contract and 160 government employees.

With the attention to detail and planning typical of a shuttle launch, NSSC transitioned 34 activities across four functional areas in its first 10 months of operation. Five things enabled NSSC to accomplish this seamlessly:

- an integrated project plan to meet aggressive schedules
- detailed transition and project plans developed before conducting a readiness review for each activity
- service delivery guides that document processes and clarify roles and responsibilities
- baseline surveys that measure customer satisfaction before and after transition
- an operational readiness review (ORR) for each activity transitioning to the NSSC

Shared Services' Contribution to Organizational Success

NSSC's vision is to provide unparalleled service. Previously, a wide variation in processes led to inconsistent practices, and neither quality nor timeliness of services were measured or reported. NSSC's performance measurement plan and quality control plan provides NASA executives visibility into the timeliness, quality and volume for key support services. The chargeback system bills customers at an established rate for the services they use and provides NASA with unprecedented insight into support costs. The NSSC reports performance against service agreements and utilization. In operation for less than one year, the NSSC has consistently met or exceeded service levels for 12 of 13 activities transitioned.

The NSSC is uniquely positioned to provide end-to-end insights into NASA support processes that have led to process improvements. Using statistical analysis and lean service principles, the NSSC

reengineered the grants process to reduce the number of process steps by 22% and improve timeliness by 36%.

Multiple customer interfaces make it easy to do business with the NSSC. The contact center provides a single intake point for resolution of a wide range of problems – a first in NASA. The NSSC analyzed inquiries to identify common service failures and develop a service recovery plan. NSSC's event-driven surveys capture randomly selected customers' level of satisfaction with a service they recently received. Of these, 91% of customers are satisfied/very satisfied with NSSC service! Additionally, 93% of routine customer inquiries are resolved within one day. The NSSC customer service portal is organized around services and communities to make it easier to find information.

Reimbursable billing brought a discipline to support services that some customers viewed as a loss of flexibility not wholly offset by the return on investment.

To provide customers a 360 degree view of support services, the NSSC developed a data warehouse in less than eight months. The warehouse associates and correlates data from different NASA business systems including SAP, the NSSC's help desk software, quality control database and customer survey database.

The NSSC contributes to NASA's success by identifying new business opportunities that will generate additional savings for NASA and reduce NSSC's payback period. Business

cases for new activities are presented to the NSSC board of directors. Recently, the board approved the consolidation of common software licenses held across NASA as a new business for the NSSC. Consolidation of agency forms licenses alone, the first scheduled consolidation, will generate additional savings of U.S.\$7.6m over a 10-year period.

Change Management and Communication Strategies

The creation of the NSSC represented a radical change in how NASA delivered support services. Services that were previously provided at ten different centers were now moved to a central location. Standardization drove changes in processes that impacted customers. Reimbursable billing brought a discipline to support services that some customers viewed as a loss of flexibility not wholly offset by the return on investment. Employees performing the services at the centers were apprehensive about their future.

To gain acceptance and reduce resistance, the NSSC used a comprehensive change management strategy that included:

- a NSSC board of directors consisting of key agency executives and rotating center representatives
- onsite transition teams comprised of center subject matter experts to lead the transition
- onsite change integration teams consisting of center employees experienced in change management
- an NSSC resident liaison at each center to manage the relationship between the NSSC and the center, and to serve as advocate, educator, and conduit

The transition and change integration teams prepared individuals and the environment

for new systems and processes. The NSSC leveraged best practices and instituted a stakeholder analysis tool. The change acceptance curve was used to track the movement of stakeholders from pre-awareness to ownership. To establish a baseline, the NSSC assessed pre-transition customer satisfaction with the service they were receiving locally from the centers. Survey results were also used to identify post-transition opportunities for improvement.

A placement plan minimized the impact of transition on center employees performing the service on site. Affected center employees were advised well in advance of their post-transition duties and no employees were separated. Eliminating their fear and uncertainty early in the process built cooperation and support.

During implementation, NSSC senior leadership visited all 10 NASA centers. The agenda for center visits included a senior management briefing, an open briefing, Q&As for center employees, and meetings with functional representatives.

The NSSC continues to employ a robust change management strategy. Service guides, developed in collaboration with customers, document processes eliminating confusion about roles and responsibilities. The *Introduction to the NSSC* pamphlet and NSSC promotional items raise awareness of the NSSC. The second round of center visits were completed last month. The customer service portal and contact center are the NSSC's primary interfaces with customers and are used extensively as vehicles of change.

Strategic Plan for Future Development
NSSC's balanced scorecard communicates

strategic goals, maps tactical objectives to each goal, and identifies targets for tracking progress. The scorecard focuses on four areas for transforming NSSC from a new to a mature and forward-leaning shared services organization.

1. *Customer Confidence and Loyalty* has strategic objectives for:

- developing a strategic communications plan that increases NASA's awareness of NSSC as a value-added strategic business initiative
- using surveys to baseline customer satisfaction and to compare customer satisfaction with NSSC services
- developing a new business process to identify new business opportunities that best fit the shared services model and offer the greatest benefit to the agency

2. *Increasing Financial Performance* is aimed at delivering cost savings to the agency by:

- maintaining or reducing overall costs; NSSC developed and implemented a capital investment process for approving significant expenditures
- establishing and maintaining a credible, readily understood chargeback system
- developing the framework and tools to track and report cost
- identifying new business opportunities to reduce the NSSC payback period and provide substantial benefit to NASA

3. *Providing Unparalleled Service* is focused on:

- meeting or exceeding performance targets in service level agreements. This drove NSSC to develop a business intelligence warehouse to monitor, manage and report performance
- excelling at recovery using a service recovery plan developed for and by the NSSC

- making it easy to do business with the NSSC by designing interfaces with the customer in mind; developing and implementing a strategy for self-service; streamlining processes. Measures and milestones in this area include migration from the web to a customer service portal, validating processes within seven months of transition, and business process reengineering for core services. The process improvement/return on investment template is NSSC's standard approach to documenting process improvements and computing the return on investment for a process change or an infusion of technology

4. *Promoting Investment in Employees* includes:

- attracting, developing, and retaining a high-quality, diverse workforce with a recruitment strategy focused on specific position requirements, local markets, and Agency priorities
- implementing student/feeder employment programs integrated with a development program that results in strong technical and managerial leaders
- promoting work-life balance, recognizing and rewarding job performance, and providing meaningful and challenging work for employees

The balanced scorecard is the NSSC's strategic plan for future development.

The Shared Services & Outsourcing Network extends its congratulations to NSSC for the recognition it has achieved throughout the shared services industry in winning this award.

Monster Worldwide won the Shared Services Excellence Award for Best Use of Technology based on the implementation of SunGard's AvantGard solution for the management of Monster's accounts receivable operation. We are pleased to publish the winning application, below.



Best Use of Technology 2007



David Griebel (left) and Paul Thayer (right) with the Award

David Griebel, Vice President, Finance and
Paul Thayer, Director, Credit & Collections
Monster Worldwide

When Monster migrated its F&A operations into a shared services center environment it required a technology solution to help integrate data from its receivables management operations in North America, allowing them to realize the implied benefits of the SSC model. Monster implemented SunGard's AvantGard solution to centralize data from disparate systems and automate its credit, collections, and dispute management processes. It integrates with our Oracle ERP solutions.

The solution is easy to navigate through and provides our collectors with a single screen view into our customers' invoices, disputes, and credit details. The solution also enables us to easily assign work queues for our team based on collection strategies we've created. We can then drill down from the single

screen and set follow up actions including phone calls, confirmation notices and even access and send proof-of-delivery information. We can also log disputes and create reports by reason and time to resolve the dispute, edit fields, and add notes to each customer account which our customer service group can view since the system operates in real-time. This has helped us improve collaboration with customer service departments, collect on outstanding invoices faster and if disputes arise, satisfy our customers.

User Customization Capability

The AvantGard solution provides us with customization capabilities. We can easily and strategically segment our customers into groups by balance size and assigned risk and then create custom strategies that

drive activities against each customer segment. These policies dictate workflow and automate our collections and dispute management process.

Because we had a growing number of smaller outstanding receivable accounts we needed to look at a more efficient and effective process to handle this segment of our collections. Due to the simplicity of AvantGard's data structure we were able to partner with a provider to make a series of automated recorded calls on our behalf. A record of every call that is made is uploaded into the AvantGard solution so that we can track it. The ability to do this has been a great benefit to us as it has enabled us to use technology to handle these accounts instead of adding more collectors. In addition, we can also set up automatic faxes that go out to past due customers, eliminating the

need to manually process communications. The AvantGard solution has freed our collector's time to focus on making phone calls to our larger outstanding receivables and higher risk customers.

The solution allows the collectors, as well as management, to assess the status of their portfolio at any given time – from an aging and cash collection standpoint. As a result, the owner is more engaged and accountable for their results. We also have the ability to drill down into aging buckets and customize reports to better manage the individual owner and the overall portfolio. We can also use customized reports to track individual and team performance, and perform cash forecasting by using information from AvantGard to complete collector scorecards which captures the results of each collector's assigned portfolio.

Portal Look and Feel

AvantGard's solution is very user-friendly. When our collectors login each day, they immediately see who they need to call, e-mail, or fax based on workflow strategies we have embedded. So they don't waste time figuring out who to contact. Management can easily track performance, allowing us to adhere to our service level agreements with our business units. This has had a tremendous impact on our operational efficiencies. In addition to knowing who to contact, we can easily see everything we need to know about that account on one screen. This is extremely helpful when we are on the phone with that customer and it has improved our effectiveness and customer service.

Participant Usage

In addition to the credit and collection team of shared services, access to AvantGard has been granted to the customer service team

in the home office to help with resolving customer disputes. The customer service team are therefore able to have the facts in front of them should a customer contact them instead of shared services.

Best Use of Technology

As our company continues to grow both organically and through acquisitions, we are constantly adding new customer accounts into the receivables management portfolio. It is easy to add new customer accounts and to integrate new business units into the AvantGard solution. In fact we have also sold a couple divisions and it has been extremely easy for us to split the systems and hand the business to the new owners.

We saw immediate results after the first year of implementing the AvantGard solution into our shared services environment. We gained a better visibility of our past due accounts receivables and we enhanced our performance tracking and reporting capabilities, improved our efficiencies, reduced operating costs and improved our cash flow.

In the last two years we have taken the advantages of AvantGard's technology and customized reporting even further:

- We have developed "world class" monthly collector scorecards which tie in fact-based measurements and results with monthly goals to track collector performance and bonus payouts in addition to measuring collector effectiveness.
- We have set up numerous queues to better attack different segments of our business through pre-determined collection strategies which enables us to focus on the priorities (large balance and high risk customers).
- We have integrated five acquisitions in a

timely manner into our department at a net savings in headcount (and have improved results).

- We have been able to focus on specific channels of business and create dispute reporting for the business to improve cash flow and customer satisfaction.
- We have been able to drill down into aging categories, queues, etc., to gain positive improvements by increasing productivity during our company's growth while maintaining our headcount; thereby reducing operating costs in line with the expectations of a shared services center.
- We have incorporated fact-based six sigma initiatives that have improved 2006 vs 2005 results as follows:
 - improved our dispute resolution time by 59% while providing reasons for disputes which are reported back to the business to improve cash flow and customer satisfaction
 - improved our collector effectiveness by collecting past due cash on average three days sooner and at a 6% increase
 - improved our internal "pre-third" party effectiveness by seeing a decrease of 27% of money collected by external third parties
 - we have had a 75% reduction in our "advanced" accounts receivable past due aging which has enabled us to deliver cost savings of +U.S.\$300K in bad debt expense for 2006 versus 2005 despite +30% revenue growth.

Finally, we are so pleased with the effective tools we have with AvantGard that we have recommended our newly formed European shared services use their technology.

The SSON extends its congratulations to Monster Worldwide for the recognition it has achieved through this award.

McDonald's Corporate Shared Services won the Excellence Award for Best Mature (three plus years) Shared Services Organization. We are pleased to publish the winning application below.



Best Mature Shared Services 2007



Kelvin McLaurin
Vice President, Corporate Shared Services
McDonald's Corporation – Corporate Shared Services

Background

McDonald's CSS was established in 1996 in response to the business' increased focus on:

- lowering cost of services
- reducing restaurant manager administrative functions
- providing "one-stop shop" for services
- supporting key business initiatives

Organizational functions are divided between offices in Oak Brook, IL and Columbus, OH. Three focused areas of products and services that we provide are: employee services and real estate & restaurant accounting. CSS consists of 280 employees, but will be growing to approximately 340 with the creation of the North America Shared Services Organization. NASS consists of both Corporate and Canada's shared services. This new organization provides

the blueprint for other regions worldwide to create shareholder value by using common metrics, service level agreements, standard processes and a governance structure supporting the shared services model. The development of a three year strategic plan for NASS focuses on automation, standardization and consolidation along with annual productivity targets.

The BPO initiative entered into in 2003 and 2005 created uncertainty, but we overcame this by creating critical success factors. We established an analysis team, set clear scoring criteria, made sure our internal relationships were strong, used a third party advisor to give the process structure and discipline and focused on honest and open communication. After realizing these critical factors, we created an internal solution

consisting of four parts:

- 1) process improvement – lower operating costs while improving efficiencies
- 2) leveraging technology – push for increased capabilities, while also leveraging existing systems where possible
- 3) consolidation – migration of specific functions to achieve lower labor and fixed occupancy costs
- 4) global plan – identify opportunities for collaboration; efficiency and cost savings through leverage

Our internal solution led us towards a more global shared services strategy. We continued to look at outsourcing and explored offshoring options internally. We realized that "we must drive the change, or the change will drive you."

How the SSO Contributes to the Overall Success of the Organization

Corporate Shared Services adds value to McDonald's by providing services and solutions that support our business in cost, time and quality. One objective of CSS is to improve the competitive position of McDonald's through increased quality and reduced cost.

Service level agreements and key performance metrics are used to measure and monitor success. KPMs were designed in areas of quality, productivity and customer service. Metrics are available monthly and shared with key stakeholders and the entire CSS organization. Complete transparency of all metrics throughout the organization creates individual responsibility for meeting metric requirements. Transparency of metrics across the entire organization and with our customers creates a level of accountability that has impacted the CSS environment through improved results.

SLAs define the requirements and standards (also penalties for non-compliance) for services to be performed between CSS and our customers/stakeholders. Using SLAs creates mutual expectations between our customers and CSS. SLAs are updated quarterly and e-mailed to our customers in addition to being posted on our website. SLA results are presented at the CSS governance board meeting by each process owner. This gives the customer an opportunity to question results and provide customer insight on any solutions to barriers within the CSS organization.

Organizational success is communicated to employees and stakeholders through our intranet system. The CSS website includes key information such as monthly KPMs and up to date SLAs. Employees and

stakeholders are notified when new information is updated and posted on the site through an e-mail titled "What's New in CSS?", which is sent weekly and has a direct link to pages with new information. Success is measured, monitored and communicated in three separate forums: leadership briefings, (personal invite to selected CSS employees from the organization's VP) monthly director meetings (director Level) and governance board meetings (top management). In addition, leadership briefings are direct e-mails (important key messages) sent from the VP to all CSS employees that highlight key information.

Technology, Customer Service and Innovation

Technology has been a key enabler in driving productivity within the McDonald's CSS Organization. Major drivers in this achievement are the accounting productivity tools. These tools were built to support the McDonald's legacy system by implementing customized accounting tools that facilitate the automation of formerly manual functions, increase efficiency, and allow for efficient and standard processes. These accounting tools reduce cost by U.S.\$3.6m annually. We have actively leveraged over 100 such tools. The accounting close process has allowed us to increase workload for store accountants by 140%. Technology creates value for the organization through enabling cost savings, improving controls, enhancing business process performance and providing innovative business solutions.

Part of the CSS operating philosophy is having a customer-focused organization. We measure our success in this area at both an organizational and a departmental level. At an organizational level, each functional area is assessed by its customer. The rating (-5 to

+5) translates to an impact on each shared services employees' bonus compensation. This year, the organization received the highest rating in McDonald's. The department level reporting of customer satisfaction occurs twice per year in the real estate and restaurant accounting areas. The employee services area, (includes a payroll and HR call center) is surveyed by an outside organization. The results are reported in the SLA and discussed at the CSS governance board meeting.

The strategy in CSS for improving process is determined at various levels in the organization. Each year, CSS identifies key project initiatives related to technology and business process that drive efficiencies. The technology and business process teams work together to implement processes that drive improvement in the organization. Currently, CSS has two employees black belt certified in six sigma who are part of any new process design. This ensures the most efficient process is being implemented at all times.

Success

Our approach to operational excellence has included process standardization, flattening the organizational structure, consolidation, productivity tools and some labor arbitrage. This approach has enabled us to obtain a 35% cost reduction despite inflation over a seven year period. For the restaurant accounting area, the approach enabled the CSS unit to reduce headcount by 176 positions or 67% from 263 full time equivalents to 87. The majority of our costs for our major processes currently benchmark in the first quartile. We have been able to reduce the cost in the organization by U.S.\$12m annual on-going savings in the restaurant accounting area alone, and by \$2.5m annual on-going savings in the other areas.

Over the past several years we have introduced our shared services operating framework to change the culture within the organization. This framework included the implementation of a governance board, activity based costing, redesigned service level agreements, formalized customer relationship management program and consolidated management reporting. Each of these areas has helped to redefine the shared services organization. It has made the metrics for the organization transparent to all levels within shared services and to executive management outside of shared services. This new framework and structure has enhanced shared services' credibility and customer relationships have improved while managing customer expectations. The transparency of metrics across the entire organization and with our customers has created a level of accountability that has impacted the shared services environment through improved results.

At McDonald's, the Corporate Shared Services structure is not mandated. The customer must see value in the structure in order for it to continue. The new framework and education of management has allowed shared services to be seen from a different point of view. The increased scope of work that is being provided to CSS shows the level of credibility. Now, the customer is helping to drive the increased work in shared services.

The Shared Services & Outsourcing Network extends its congratulations to McDonald's Corporate Shared Services for the recognition it has achieved in the industry through winning this award.

What Distinguishes Awards Winners?

We asked some of our judges what made a winning application stand out. Here's what they say:

Award winners generally share a couple of common characteristics: First, it is clear that a lot of time and effort has gone into the award application. The award document is normally short and crisp, but the supporting documentation is rich in content, describing in great detail their accomplishments. This is extremely helpful in evaluating submissions, since it makes the award submittal "come to life." As judges, we need to be able to visualize the success as we sift through the information. Secondly, we know that each applicant hopes to be recognized for their accomplishments. However, the winning applications tend to stand apart from the others in the way they resonate with teamwork and pride. I think this second point is one of the greatest attributes regarding the Shared Services Excellence Awards: The awards allow high performing teams to be recognized not only by their companies, but by the community of shared services practitioners as a whole. I can tell you from personal experience that there is no better feeling in the world!

I would strongly encourage companies to participate in the Shared Services Excellence Awards process going forward. To be in the competition for being recognized as a leader in shared services is an honor in itself.

William Fikkins
Shared Services Director
KeySpan

Winning applications really stood out due to extensive information regarding process improvements and the overall achievement in delivering on objectives. Also impressive were a robust expansion of services and the stability/maturity of their service delivery model. Winners' approaches focused on operational excellence and delivering true value to the business (service excellence, lower costs and overall quality improvements) – and they provided concrete examples of how they strengthened the business profit model and created a platform for overall business growth.

Angie Wallander
Head, Shared Business Services
Americas Corporate Functions
Cadbury Schweppes

Overall, winners demonstrated, through a clear and well written document, with excellent examples supporting their cases, why they should win the relevant awards. They illustrated best practices being implemented, crucially, in practice! Theory is one thing; actually implementing and living the change, and exhibiting the values through actions, is the real differentiating factor. The winners and runners up also demonstrated the passion, leadership, teamwork, hard work and commitment required to achieve shared services success.

Phil Searle
Chazey Limited



Runner Up: Best Mature Shared Services 2007



N.L. Balasubramanya
Head – Wividus (Wipro Shared Services)

Background

Wipro, founded in the year 1945, has grown into one of the leading conglomerates in corporate India and is the only Indian company to be ranked among the "Top 10 Global Outsourcing Providers" in the IAOP-Fortune Global listings. With a revenue of over US\$2bn and market cap of over US\$19bn (as of Jan'07) Wipro enjoys long-term business relationships with many Fortune 1000 and Global 500 clients. Wipro has become synonymous with quality and customer satisfaction, reflected by the fact that more than 50 client relationships are over five years old.

In 2003, Wipro established Wividus, its shared services arm, in order to support its growth rate of over 35% annually, and to service the multiple internal partners at lower cost and with higher service levels by centralizing and standardizing the various back office transactions which were then spread across the globe. Currently, Wividus manages accounts payable, T&E, benefit

admin, HR administration, payroll, recruitment support, etc. for various business units of Wipro. During the past four years of its existence transactions handled at Wividus have grown from around 800 to 3000 per day.

The biggest challenge was to bring about a cultural change in employees. Hitherto, they had been getting services locally; now they were being asked to shift to a faceless, centralized entity. This was handled through e-mail communications, presentations etc., during the implementation phase. Complete acceptance was achieved through visible, consistent improvements in service levels delivered. Other challenges like process variations, etc. were handled by synchronizing processes across business units wherever possible, consolidating SAP into a single instance, harmonizing chart of accounts, etc. People issues were effectively handled by transferring employees doing similar operations in the business unit into Wividus. Those not willing to relocate were

offered alternative jobs in their locations. The fact that Wividus has not slipped on its SLA for 62 consecutive weeks is proof of having achieved its objectives of providing world class services and being able to scale up when required.

Contribution to Organizational Success

Wividus has been able to play the role of a catalyst to Wipro's overall success by contributing on the following fronts:

Provide a scalable model – Wividus has met the increase in transactions volume (Wipro adds about 2,500 employees every quarter) without slipping on its SLA targets. Wividus also continues to transition more processes every quarter from business units, an indication of growth and the trust business units have in Wividus. The transition of processes for the seven acquired business units was completed without major hiccups.

Improve quality of services – Quality of services has improved by leaps and bounds

delivering consistently above SLA level. Standardization and centralization of processes has resulted in better quality of service and consistent delivery to customers. The quality of services is measured on a weekly basis by MIS reports drawn directly from the work flow application. Monthly analysis depicts the dashboard parameters of each process, and are circulated to the business units.

Internal controls – Centralization of services has enabled easier and effective internal controls in processes, thereby helping with SOX compliance. Process audits by agencies, internal and external, ensure transparency and act as a trigger for continuous improvement.

Reduce cost – Wividus' operations have resulted in cost reductions between 13% to 49% across processes. This trend continues, providing a cost effective solution to a business that is witnessing around 33% annual growth.

Leverage for business opportunities – Wividus has grown into a center of excellence and has been instrumental in showcasing Wipro's ability to provide offshore transaction outsourcing, thereby opening up huge business opportunities. Wividus handles around 120 customer visits annually to demonstrate its capabilities in this area.

Technology Integration

Following are some of the major technology tools we have implemented. They have greatly helped in improving the productivity and providing accurate data.

Imaging and workflow application ensures

- proper routing
- tracking of SLAs
- accurate metrics

Vendor portal is a single window interface to the vendor, from quote to payment

- e-mail case management tool helps in tracking help desk queries
- duplicate payment finder detects possible duplicate payments
- receivables management system tracks receivables
- bank reconciliation tool tracks unreconciled entries

Process Measurements

The metrics published on a weekly, monthly and quarterly basis include

- volume trends
- SLA adherence
- analytics
- compliance
- process variability

The dashboards for the processes are circulated to the business units. This is supplemented by analysis of the transactions performed by Wividus regarding spend patterns and other data, which is sent to business units as a value add, on a quarterly basis.

Process Improvements

The process improvements are driven by the meticulous implementation of lean principles, and six sigma rigor, which is very much part of the Wipro culture and which is built into every process that runs at Wividus. The variability of each major process is monitored on a sigma level basis and the Ppk values (a measure of process stability) for each process are monitored on a weekly basis.

Successes Achieved

Cost Efficiency

Although Wividus witnessed an annual growth of 30% in transactions, the corresponding growth in FTE has been only 6%. The trend of cost per transaction in processes is also monitored. The drop in

percentage in cost per transaction has been in the range of 13% to 49% across processes. This has been possible due to the meticulous application of lean and six sigma and implementation of appropriate technology.

Service Level

As mentioned earlier there is a very high focus on meeting SLA levels. The ultimate statement of customer satisfaction, namely the employee rating for Wividus services has been the real recognition, with more than 78% of employees rating services to be above 4 on a scale of 1-5.

Another barometer is the number of processes the business units want to transition to Wividus. Every quarter, new processes continue to be transitioned into Wividus from various business units, which is reflective of the efficiency and satisfaction that these units derive by Wividus managing their back office operations

People

Our biggest asset is our people. The team of 225 derives pride in belonging to an SSO that is considered a center of excellence. This is reflected in the low attrition rate of around 9%, against the industry average of 40% in the BPO industry in India. Personnel have learned and seen the effects of lean production systems being applied to transaction processing and have developed a culture of identifying and eliminating waste in their processes and activities. Wividus offers opportunities to learn and improve career prospects.

The Shared Services & Outsourcing Network extends its congratulations to Wividus for the recognition it has achieved throughout the shared services industry in winning this award.

SunGard AvantGard was nominated for the Best Shared Services Vendor of the Year category based on its accounts receivable processing capability.

The winning nomination is published below.



Shared Services Vendor of the Year 2007



C.J. Wimley
COO
SunGard AvantGard Receivables

Partnership Development and Communication

AvantGard is an organization that is very committed to its customers. The level of service customers receive from AvantGard is impressive. Their customer support is very friendly, capable and timely. Whenever upgrades to the latest software appear, these are painless and seamless.

In addition, AvantGard conducts user group meetings and customer advisory board meetings throughout the year to convey important updates to their customers and to listen to their customers' needs. These meetings provide customers with a voice to express their future needs. It is a huge benefit to end-users. As a result, end users are looking at offering these types of meetings with their own customers.

Enhanced Improvement/Productivity Since Implementation

Every quarter, AvantGard releases new functionality or updates to its solution. In addition, AvantGard encourages its customers to upgrade to the latest software when it becomes available. The AvantGard team is made up of subject matter experts who have over 800 implementations under their belt so the upgrades have been seamless. AvantGard works closely with its customers to determine appropriate system usage, establish corporate policy and embed best practices. As a result, its customers have experienced significant operational and financial improvements.

Organizational Successes Realized Through Partnership

By implementing the AvantGard solution, receivables teams are able to improve

operating efficiencies, gain visibility into what are the key drivers impacting cash flow (whether it is particular customers, customer types or unresolved disputes), easily track and report on outstanding receivables, and improve collaboration across the organization.

Dispute management is also much improved by segregating disputes from collections, assigning clear ownership and implementing workflow, helping managers track and escalate disputes automatically, thereby reducing bad-debt expense. With a centralized repository of data and a systematic approach, disputes are identified and tracked more effectively and detailed root-cause analysis can be performed which helps identify core problem areas for internal process improvement.

Customers have found that, within months of implementation, their current aging is improved significantly, thus recognizing multi-million dollar cash flow improvements. The number of customer contacts can more than double and dispute resolution cycle time typically decreases by half. The transaction per FTE efficiency rate also improves significantly.

Vendor's Contribution to Organizational Success

Many customers are operating their receivables management on disparate systems prior to implementation. As a result, they lack visibility and reporting capabilities and are manually managing a large transaction volume leaving little time for strategizing and cash forecasting. In addition, dispute cycle time can be a problem. A benefit of SunGard AvantGard's solution is increased visibility into disputes while communicating directly with the users responsible for dispute resolution.

SunGard AvantGard's technology can help centralize receivables data into one solution and maximize the benefits of migrating to shared services.

The Shared Services & Outsourcing Network extends its congratulations to SunGard AvantGard for the recognition it has achieved within the shared services community through winning this award.

SunGard AvantGard

SunGard's AvantGard supports over 20,000 users in more than 40 countries. The customer base consists of corporations, financial institutions and the public sector. Client revenues range from U.S.\$20m to U.S.\$80bn, allowing financial professionals from any size group to access world-class financial enterprise technology for management of receivables, treasury and payments. AvantGard offers flexible deployment options including installed, hosted and ASP solutions.

Capabilities/Services

AvantGard delivers real-time visibility into cash flows with increased operational controls for sustainable liquidity management. The AvantGard software suite helps corporations, financial institutions, and the public sector automate processes, drive workflow, and gain real-time visibility across the financial enterprise and between trading partners. Additionally, AvantGard is well suited to serving the needs of finance and accounting shared services centers by providing solutions for receivables, treasury, and payments processing that help consolidate data from multiple locations and sources and help optimize processes through performance management solutions.

Product Overview

The AvantGard suite fosters collaborative financial management through the use of installed and ASP solutions for treasury and cash management, receivables and payments processing. AvantGard also offers a secure real-time network that links clients/subscribers with financial institutions and other treasury services providers, offering straight-through processing of treasury transactions and information via Internet messaging.

Business Developments

AvantGard drives Collaborative Financial Management™ (CFM) by offering connectivity and workflow solutions allowing organizations to manage treasury, risk and cash management, receivables and payments processing by linking these processes into a complete organizational view of cash and risk. The CFM framework helps streamline interactions between suppliers, buyers, banks, and trading, customer and partnership relationships by aggregating enterprise-wide financial data, promoting straight-through-processing, and fostering real-time collaboration.

Outlook

AvantGard solutions will continue to be based on industry-leading technology implemented at premiere corporate treasuries around the world. Additionally, AvantGard is committed to supporting the growing requirements of organizations with shared services center or centralized treasury, receivables and payments organizations.

Shared Services Exchange

June 10-12, 2007

Château Élan Winery and Resort
Braselton, GA

This June, shared services leaders from across the country will be gathering in Braselton, Georgia at the Château Élan Winery and Resort to share ideas, forge new relationships and improve shared services processes. Come join our distinguished speaker faculty which includes the following shared services executives:



Kathy Bishop
VP and GM, Finance Shared Services
Pitney Bowes Inc.



Greg Au
President and Chief Executive Officer
Siemens Shared Services, LLC



Richard L. Dobbs
President, Client Business Services Inc.
General Electric Company



Andrew S. Drexler
Vice President, Shared Services
Wal-Mart Stores, Inc.



Andreas Beier
Chief Accounting Officer and Biltroller
Bayer Corporate and Business Services LLC



Mark Kingman
Senior Vice President
Disney Worldwide Shared Services

The exclusive format of the Exchange allows you to connect with those peers whose insights you respect most – through one-on-one business meetings and strategic “behind-closed-doors” sessions.

For more information on this unique meeting please visit www.sharedservicesexchange.com, call 416-597-4702 or e-mail leslie.allen@iqpc.com.

Six Sigma for Shared Services

Conference Review, March 2007

I wasn't expecting to be inspired by an event titled “Six Sigma for Shared Services,” but had my free media pass and so, suitably dressed in my best anorak and armed with sufficient work that could be surreptitiously dealt with while appearing to be completely captivated, I attended this event that followed the previous day's workshops.

This event was a breath of fresh air. We had the theory linked to practical case-studies, delivered by line management, not black belts or any other belts. We were told by Simon Smith (Sales & Marketing Director for GE Money EMEA) that “a one size fits all” approach does not work. After five years of effort primarily focused around techniques and tools, GE Money realized that their efforts were not realizing the top line benefits; re-focusing their effort on delivering a better customer experience was the solution. He continued by saying “We were using Ferrari tools to build a Lada . . . it just doesn't work!” As if the revelation that tools were a switch off was not enough of a hand-grenade to an audience clearly interested in Six Sigma and Lean, he continued to challenge us by saying that, too often, the “business intent of the whole process” is overlooked. The intent should be to continuously deliver better customer experience. End-to-end process improvement that neglects the strategic business

intent of the whole process is futile. “If your front-line staff don't know their personal effect on the customer's business, then you have a problem before you start. Winning hearts and minds for process improvements is much easier once the linkage is made!”

Simon highlighted that voice of the customer has a limited effect: “Do you really listen to the voice? About 90% of businesses don't, and they're even less likely to drive immediate action from what they do hear.” Armed with two simple philosophies: Net Promoter Score (NPS) and Customer Experience Council (CEC), GE has addressed the problem and re-aligned their processes, organization structures and culture to deliver improvements that focused on the customer effect and impact: “If you don't affect the customer, what are you affecting and why are you doing it?”

Net Promoter Score (NPS): On a scale of 0-10, “Would you recommend our service?” Scores from 0-5 are rated *detractor*, 6-8 *neutral*, 9-10 *promoter*. The simple “why” question to follow up the rating provides customer-facing staff with the opportunity to make an immediate difference. The hope for GE Money is that they make an “intervention” for the customer to improve their experience on the spot, and where required “turn a potential complaint into a long term relationship opportunity.”

Customer Experience Council (CEC): This was defined as the forum through which the CEO and senior management changed their “mindset.” It makes us all stand in the customers shoes every week and experience what our customer experience is like. It’s not just another meeting; they share the “worst customer experience” and worst behaviors. CEC is a way to change the way we should value our customers: “The first step to healing the problem is admitting you have a problem by walking in the customers shoes.”

Simon ended by saying, “Long-term, scalable growth, together with your customers, is your target – not projects and tools in silos.”

David Biggs (Partner, Aurora Experience) took a different tack; in many ways just as valid and complimentary: “What’s the value of process analytical tools if you don’t change behavior?” he asked. “Winning the hearts and minds of the organization leads to long-term sustainable improvement.”

David outlined a case-study with a private hospital (Princess Grace Hospital) where he and his team had made a significant contribution to cultural change in the organization. The use of a business simulation game had helped everyone from leadership through to janitor make the connection between their roles and actions and the results of the organization. We heard a lot about the importance of “end-to-end” process during the course of the day so it was good to hear about ways of bringing cross-functional teams to a state of collective engagement.

So, one might ask, how does this all apply to shared services? The panel session comprising Simon and David plus Marcus Demgenski of Basell tackled this question admirably! For example, F&A shared services’ “customers”

may include supplier, cost center manager, regulator, shareholder, statutory accounting authority, tax authority and general management extended in an outsourced arrangement to include a second layer of interested parties. Understanding the linkage between the process activities, roles and responsibilities and the end customer is vital. If the linkages are not clear there is a potential risk that the activity is not adding value and might even be disrupting the added-value activities. Tools like Lean, which speeds up the velocity of a process, and Six Sigma, which reduces the numbers of process failures, are well and good but if the process is not creating a better customer experience (value) there is no point in optimizing it.

A lively discussion on whether certain activities in F&A add value to the “end customer” suggested to this listener (*agent provocateur*) that David’s game would be a powerful one if it could genuinely be applied

from top-to-bottom of an organization to expose the inordinate waste of resources that many budgeting and other management information processes divert from the value adding end customer activities, often because of flawed incentive schemes.

Discussion with delegates such as Csaba Kis (Cemex, Hungary) indicated that the preceding day’s workshops had also been valuable, particularly for those evaluating tools and options for further optimization of their F&A shared service processes. No doubt many of us will be asking ourselves two key questions of all processes:

1. do they improve the customer experience?
2. do management, functions and roles (cross-functional), linked by the process, understand their contribution to it?

Ian Malcolm, FASSBEX

ianmalcolm@fassbex.com

FASSBEX.com facilitates “Knowledge Exchange” amongst its members.

What Will the Next Generation of Shared Services Hold in Store?

According to a practitioner-focused roundtable discussion at Shared Services Week, U.S., this is what shared services executives expect to see ahead:

- more mission-critical shared services
- a move up the value chain
- a more strategic alliance with business units
- increased emphasis on moving distributed shared services to more focused shared services
- the systematic management of customer relationship management and portfolio
- renewed focus on dealing with resistance in stakeholder groups
- after the evolutionary hiatus . . . a stronger move to “next step”
- dealing with changing demographics
- offshoring and commercialization
- packaging strategic services
- additional consolidation
- driving a customer service culture at all levels
- seeking out more global opportunities – what are these?

International Shared Services News

THIS MONTH'S REPORTS AND SURVEY RESULTS

EquaTerra: *Outsourcing market reshaping, not facing activity downtrend, according to 1Q07 Pulse Survey results*

With 88% of EquaTerra advisors citing up or flat market demand in 1Q07, and 97% of service providers citing a similar or sequentially-up new deal pipeline for the quarter, it's clear from responses to EquaTerra's 1Q07 Pulse Surveys that demand for outsourcing continues to grow, albeit at a slower pace than in previous quarters and years. Additional EquaTerra research and discussions with service providers and clients revealed that different types of deals – including those for more “knowledge-based” processes – and smaller dollar value deals are becoming more prevalent.

“Reshaped” Outsourcing Market

EquaTerra's study methodology – which tracks quarter-to-quarter changes in general demand trends for all deals being considered and already in the pipeline – clearly illustrates that the outsourcing market is experiencing an adjustment phase, spurred by a maturing marketplace and a more sophisticated buyer community. The hallmarks of this reshaping include:

- a greater number of organizations evaluating their global footprint
- organizations increasingly utilizing a combination of shared services and outsourcing
- when using outsourcing, it is typically on a smaller scale and often with multiple “best of breed” providers
- service providers forced to retool their sales and delivery models

Supporting this smaller deal/market adjustment finding are the responses from

EquaTerra advisors and service providers to a survey question on deal “scope size,” which EquaTerra defines as the number of processes, users, geographies, etc., included in an outsourcing engagement. Eighty-six percent of EquaTerra advisors cited decreased or similar deal scope, as did 63% of service providers. Importantly, service providers shared anecdotally with EquaTerra that while deal scope is decreasing or holding steady, their pipelines are robust for the second half of 2007.

Said Stan Lepeak, EquaTerra's Managing Director of Research, “Smaller deal scope can be advantageous for both buyers and providers. Buyers may feel less risk going with multiple providers, keeping the scope small or delivering some processes internally. To accommodate this changing market, service providers must adjust their sales and delivery models to accelerate time-to-deal profitability. If they are successful, it will improve their overall financial margins.”

Lepeak added, “Within our own client base we are seeing an increase in smaller deals in emerging areas including knowledge process outsourcing, pharmacovigilance, clinical data trial management, and other industry-specific areas, as well as in more newly-emerging offshore locations such as Latin America and Eastern Europe.”

To receive a copy of the report detailing survey findings, please send an e-mail to: research@equaterra.com.

Accenture: *Keys to successful public sector shared services implementations: focus on governance. A model for successful public sector shared services initiatives*
“The future is already here,” a technology guru once quipped. “It's just unevenly

distributed.” The same could be said for the adoption of shared services models in the public sector. Previous research published in the Accenture Government Executive Series has found that high percentages of agencies have already implemented shared services programs of one type or another. Yet implementation of truly transformational shared services models is still uneven at best.

Accenture's research found several reasons for the inability of many governments to achieve the full potential benefits of shared services. Foremost among these are the unique challenges in implementing a program that cuts costs while improving service and creating greater value for governments and the citizens they serve. Establishing and realizing a business case, and then defining clear goals and objectives, can be difficult in the public sector, especially one with decentralized decision-making authority. The lack of reliable baseline data hampers the ability of governments to assess their progress and the impact of change. Workforce transition and overcoming resistance to change are also extremely vexing to most government executives.

This paper is the second in a series exploring shared services in the public sector. Our first, produced in 2005, discussed workforce issues that can arise when governments move to a shared services model. In this second paper, we focus on the governance structures and tactics most conducive to success. Government shared services are implemented primarily within the four critical functions of HR, finance, procurement and IT. Accordingly, we conducted in-depth interviews with government executives from each of these four functions who have successfully implemented transformational shared services programs.

Download the full version of the report at www.accenture.com/Global/Services/By_Industry/Government/R_and_I/FocusonGovernance.htm.

APPOINTMENTS

New Transformation Management Office Lead at Cadbury Schweppes Business Services
Chinni Zakkireddy has been appointed to the position of Transformation Management Office Lead at Cadbury Schweppes Business Services as of May 1, 2007. As such, he will drive operational excellence and lead major transformation initiatives within CSBS NA. In this role Chinni will be responsible for all CSBS transformation management projects and activities including strategic planning, governance, continuous improvement projects and service level compliance.

Chinni has been with Cadbury Schweppes since 2003, previously as program director in IT. Prior to joining Cadbury, Chinni worked for Deloitte Consulting.

DEVELOPMENTS IN INDUSTRY

Electronic invoicing on OB10 network kept 900 trees alive in 2006 – sparing trees is just one of technology's green benefits
As clients of OB10 replaced paper invoices with electronic ones, use of the OB10 global e-Invoicing network saved some 900 trees in 2006, making e-Invoicing a truly “green” and environmentally beneficial technology. Taking the “green” cause one step further, OB10 has also partnered with the National Arbor Day Foundation, matching that tree savings by donating 900 trees to be planted in national forests in the U.S.

OB10 calculated that by using e-Invoicing, its clients saved 7.5 million sheets of paper, equating to 900 trees. The savings also include 106 barrels of oil, 217,300 kilowatts of electricity, 170 cubic yards of landfill space, and 3,128 pounds of air pollutants, all involved in making, transporting, and discarding paper. With OB10's year-on-year

global growth and the increasing acceptance of electronic invoicing, the environmental savings will increase further. Since 2003, OB10 has seen an annual average invoice transaction growth of 114%.

“The business advantages most often cited by OB10's customers are greater productivity, cost savings, improved control over cash flow, and increased profitability, but the environmental benefits of paperless billing should also be recognized, as they are extremely significant as well,” says Jamie Gunn, CEO of OB10. “With more and more companies moving to OB10's e-Invoicing network, these environmental benefits will continue to grow.”

Global “OpenDoor HRO” initiative to help HRO buyers and providers in speed-to-contract, speed-to-benefit and expectations alignment via publicly available standardized specifications, documents and templates
To help ensure better and faster contracting, results and ROI from HR Outsourcing (HRO) engagements, a non-exclusive working group currently comprised of representatives from EquaTerra, ARINSO and SAP have announced the launch of OpenDoor HRO, a global HRO standardization initiative.

OpenDoor HRO offers a set of publicly available documents and templates including: illustrative statements of work; service level methodology; and pricing unit structures and approach. All OpenDoor HRO materials can be accessed free of charge by registering at: www.opendoorhro.com.

This industry-first set of standards for HRO transactions will assist both buyers and providers in the tendering process, accelerate ROI and better align current and future HRO projects. Overall, the materials will enable more effective, efficient and mutually-beneficial HRO engagements. According to Rudy Vandenberghe, executive vice president of ARINSO, “We felt it was time for

knowledgeable experts in the industry to provide a basic set of documents so that the HR and HR systems community could rapidly understand the basics of what is required in an HRO transaction.”

Gianni Giacomelli, head of BPO strategy and marketing at SAP, seconded that point: “HRO clients must quickly identify those components of the HRO transaction that can be standardized by the provider through appropriate process/technology design so that they can access the strongest economies of scale. OpenDoor HRO is a significant step to facilitate that.”

The working group is open to entering into discussions with other leading HRO organizations interested in participating in the initiative. New material will be added to the website on a regular basis.

HP positioned to lead in new era of business technology – new solutions and services to help enterprises optimize business outcomes
HP has announced new solutions and services aimed at capitalizing on the next phase of the technology industry – business technology. Moving beyond information technology, the new era of business technology is one where results are measured in only one way: how they deliver business outcomes.

By integrally optimizing the technology environments of enterprises with business outcomes, HP is empowering CIOs with the tools they need to be tied closer to CEOs in strategic business planning. “The age of information technology as we know it is over. The new reality is that technology doesn't just support the business – technology powers the business and helps drive growth,” said Ann Livermore, executive vice president, Technology Solutions Group, HP. “The shift to business technology enables CIOs to weigh and measure their investments in terms of

business outcomes – whether it's managing risk, accelerating growth or lowering costs."

Research conducted by HP shows an increasing alignment between business and technology decision makers. According to the study, an overwhelming majority of both CEOs and CIOs believes that technology is integral to the success of their companies. Additionally, 88% of CEOs and 90% of CIOs say they share similar visions for how technology can deliver business outcomes. But while 99% of CEOs agree that technology is integral to the success of their businesses, only 32 percent of them involve their CIOs at the inception of strategic planning. "Moving forward, more CIOs

will sit at their companies' boardroom tables during strategic business planning," said Livermore.

"I.T. is no longer an appropriate term that represents today's enterprise organizations," said George F. Colony, chairman and chief executive officer, Forrester Research, Inc. "If you are the head of I.T., you are shoulder to shoulder with fellow executives who are running the operation. You're focused on improving process and finding new sources of revenue. You apply technology for business results. It's time to replace I.T. with the term 'business technology,' or B.T. This change conveys the fact that business is technology and technology is business."

SSON Members' Q&A

Question:

1. Have functions like internal audit or enterprise security (overall security, not IT security) ever been considered aspects of shared services? Our current perception is that these are corporate functions that are separate and distinct from shared services but we want to validate this position.
2. Shared services executive title – from an organizational perspective, do enterprise shared services organizations typically report to a COO position, an officer of the company (VP of shared services, etc.), or some other executive alignment? Are there any best practices here to apply?
3. Many companies have expressed that finance/accounting is the best choice for initial transition to a shared services model. What would you say to a client who believes that a troubled IT organization should be the first function to transition? Does this decision represent serious risk?

Mike Rosenbaum, The North Highland Company

Answer:

Mike,

1. I have had one client that operated physical security as a shared service. The security function was responsible for security company-wide and the services provided to field locations were captured in service level agreements with the business units operating out of those locations. I have also had a couple of clients that included security as part of their real estate and facilities shared services function portfolio of services – either as a separate service or bundled into a larger facilities service.
 2. I believe the best practice is to have all shared services report to a single executive, however the title of that executive is not important. I have seen president of the service company used when the shared services are housed in a stand-alone subsidiary. More common is chief administrative officer or executive vice president – shared services.
 3. I don't believe that there is a single function that is always best as the lead candidate for a shared services implementation. We recommend that a current state assessment be performed on all potential shared services to identify the highest-priority functions. Typically, those with the biggest payback potential will rise to the top, however the risk of not achieving the targets must also be factored into the decision. For example, the top candidate may not be receptive to a shared services initiative, whereas the 3rd best candidate from a payback perspective might be eager to move forward – in this case I would go first with the function that is more eager to go forward.
- Good luck with you shared services plans.

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Questions for the Network? Please e-mail Barbara Hodge at barbara.hodge@iqpc.com.

SSON Membership Application

Membership Application: Shared Services & Outsourcing Network

_Individual Membership Fee: one year: U.S.\$149.95

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Please do so via our online registration page at <http://www.iqpc.com/SSON/Register>

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